EXHIBIT 29

TERRORIST THREAT OVERVIEW FOR THE UNITED STATES

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The United States has become a more attractive target for terrorist attacks. The head of the FBI's Counter-terrorism Unit recently said that the threat in the United States is *low*; but that the threat has both *changed* and *increased.*

In July 1999, the national intelligence community assessed that foreign terrorists probably will attempt an attack in the United States in the next year or two. The assessment highlighted the attractiveness of transportation and the transportation infrastructure -- such as subways, buses, trains, cruise lines, civil aviation, and pipelines -- as potential targets.

In addition, a confluence of events in the United States has heightened the terrorist threat:

ξ   The arrest of Ahmed Ressam in Port Angeles, Washington in December 1999;

ξ   The arrest and extradition to the US of suspects in the August 4, 1998 US embassy bombings in Nairobi, Kenya and Dar es Salaam, Tanzania, and their ongoing trial in New York City which began in January 2001;

ξ   The arrests and extradition to the United States of terrorists such as World Trade Center (WTC) bombers Ramzi Yousef and Mustafa Najim;
     The arrest and probable extradition to Israel of HAMAS leader Musa Marzuq;

ξ   The trial and life-sentence of Islamic Gamaat spiritual leader Sheikh Rahman and other WTC conspirators;

ξ   Special events, such as the Olympics, Economic summits, World Trade Organization Conferences, IMF/World Bank meetings, UN General Assembly openings, or high profile international visitors.

TERRORIST THREAT IN THE UNITED STATES. The principal threats we are likely to confront come from representatives of state sponsors of terrorism, members and supporters of international terrorist groups, and violent extremist elements from a diverse range of people. Through their resources, these groups have access to national intelligence, sophisticated training and weapons, and adequate financing. Their members are dedicated to their organization's or party's causes and are mission oriented and they have great flexibility in choosing when and where to attack.

Investigations since the WTC and Oklahoma City bombings have revealed that the terrorist threat, both international and indigenous, is broader than previously believed. A recent survey on domestic terrorism conducted by the Rand Corporation indicates that nearly 80 percent of the state law enforcement agencies responding to their survey noted the presence of an identified terrorist threat in their jurisdiction. Presently there are five potential sources of terrorism identified in the United States.

ξ   Ethnic separatists and émigré groups
ξ   Left-wing radical organizations
ξ   Right-wing racist, anti-authority, survivalist type groups

ξ   Issue-oriented groups (including anti-abortionists, animal rights and environmental extremist groups)
ξ   Foreign terrorist organizations

Ethnic separatist and émigré groups: Historically, ethnic separatist groups have inflicted the most casualties and perpetrated the greatest number of officially recorded terrorist incidents. Their causes and grievances often have little or nothing to do with domestic U.S. policies.

Left-wing radical organizations and issue oriented groups: Left-wing and issue oriented terrorists (such as those opposed to legalized abortion, radical environmentalists, and militant animal rights activists) engage primarily in symbolic bombings to call attention to themselves and their causes, but they seldom undertake actions that could cause widespread, indiscriminate casualties.

Right-wing racist, anti-authority, survivalist type groups: These organizations span the spectrum ranging from traditional hate groups to anti-government groups that support the U.S. government's overthrow. They are extremely violent, have no reservations about killing, and are often oriented toward specific political issues.

Foreign terrorist organizations: Foreign terrorist groups, primarily Middle Eastern, and Islamic extremists have been active in the United States. Presently within the United States there are representatives from state sponsors of terrorism, members and supporters of international terrorist groups, and extremist elements from many different countries. The Islamic extremist presence in the United States is growing and increases the potential domestic threat emanating from these elements. Information exists that several Middle Eastern terrorist groups have well developed terrorist support infrastructures here and are operating in over 66 cities throughout the United States. The activities of some of these groups goes well beyond traditional fund-raising for their homelands and include recruiting, weapons training, bomb making, robbery, extortion, counterfeiting money and documents, and other criminal activity. In addition, there is the possibility that other yet unknown groups may exist but have not yet been uncovered by the law enforcement and intelligence communities.

RECENT ANTI-US TERRORIST PLOTS. In testimony before Congress in February 2000, CIA Director George Tenant said the most serious threat overall terrorist threat that the United States faces worldwide comes from Islamic extremists, most notably Usama bin Laden. Bin Laden is accused of masterminding bombing attacks on two US embassies in Africa in 1998, and two US military facilities – the OPM-Sang and Khobar Towers – in Saudi Arabia in 1995 and 1996 respectively. Terrorist plots uncovered recently underline the scope and seriousness of the threat. In December 1999, intelligence and law enforcement agencies in Jordan, Canada, and the US discovered preparations for near-term terrorist attacks by Islamic extremist cells, including individuals linked to bin Laden, in Jordan and the United States. It is believed that

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individuals tied to the bin Laden network have been preparing anti-US attacks in other parts of the world as well.

In early December, Jordanian authorities arrested a group of twelve local extremists planning a series of attacks against US, Israeli, and other Western tourists starting at the turn of the millennium and continuing throughout the year. One person, Khalil Said al Deek, was a US citizen. Members of the cell confessed to plans to carry out attacks against a tourist hotel and a tourist bus. A search of apartments associated with the cell yielded a map of the port city of Aqaba, with handwritten notes suggesting that it was used for preoperational casing. Among the locations highlighted and commented upon were ships and possible contents at the loading port. It is believed that the group received travel assistance, training, and operational direction from bin Laden associates in Afghanistan and Pakistan.

On December 14, 1999, Ahmed Ressam, an Algerian, was arrested by US Customs agents at the Washington state/Canadian border with several hundred pounds of explosives and detonators. Law enforcement officials suspect Ressam intended to carry out a millennium-related terrorist attack in the United States and was not acting alone. A federal grand jury in Seattle has charged Ressam with conspiring to commit international terrorism. In addition, the indictment also charged an at large accomplice, Abdel Majid Dahoumane. Subsequently, additional arrests/detainments have been made in Senegal, Mauritania, Pakistan, Ireland, Italy, and Germany in connection with this plot. On 20 December, an Algerian identified as Bouabide Chamchi, and an accomplice were arrested at the Beecher Falls border checkpoint in Vermont while trying to enter the US illegally. Canine units alerted to the presence of explosives in the vehicle. On 27 January, US authorities detained another possible associate of Ressam, Youssef Karroum, as he attempted to enter the US at Blaine, Washington. Mohambedou Ould Slahi, a Mauritanian national was detained in Senegal, in late January, Slahi is believed to be linked with Ressam and is believed to be linked to the August 4, 1998 East Africa US Embassy bombings as well. Other ties between Ahmed Ressam and Usama bin Laden elements in Afghanistan and Pakistan continue to be explored.

While there is currently no demonstrable evidence that bin Laden directed the Jordanian and Canadian operations, these and other, terrorist plots involve individuals who are sympathetic to bin Laden's ideology and have had dealings with his organization. The disruptions of the plots in Jordan and Canada have likely thwarted attacks or forced the terrorists to postpone them, however, the Islamic extremist threat is unlikely to diminish in the near future. The worldwide reach of the Islamic extremist network, with numerous groups capable of planning attacks independently or supporting another operationally, means that the US could face attacks from other Islamic extremist groups in the coming months. In addition to bin Laden's own al Qaida organization, the Islamic extremist network encompasses several groups with operatives scattered across the globe, most notably the Egyptian Islamic Jihad, elements of the al Gamaat al Islamiyya, and the Algerian Islamic Group (AIG), as well as numerous smaller groups and a support networks that tie together mujahiddin throughout the world.

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THE CHANGING NATURE OF THE THREAT. Several factors have caused the terrorist threat in the United States to change: 1) terrorists may be more inclined than before to retaliate with violence for Middle East policies as well as specific actions, such as the trial of Egyptian Islamic Gamaat spiritual leader Sheikh Abdul Rahman; 2) new terrorist groups are more fluid an multinational than traditional state-sponsored groups; 3) growing international support networks are enhancing the ability of Islamic extremists to operate in the United States; 4) the bombing of the World Trade Center probably crossed a threshold for more large-scale terrorist attacks and raised the profile of U.S. vulnerability to terrorist attacks, and; 5) internationally, the breakup of the Soviet Union and the Warsaw pact has unexpectedly contributed to global instability through increased ethnic strife.

Other changes contributing to this change are:

Terrorists of the 1990's appear to be motivated by ethnic and religious intolerance and hatred, rather than the political ideologies of earlier years. The goal of these terrorists is not political dominance, but the utter destruction of their chosen enemies.

Further, the rise of Islamic extremism is threatening stability in the Middle East and elsewhere in the world. Over the last decade Islamic extremism has developed as an outlet for terrorist aggression. The civil war in Afghanistan has been a catalyst in the evolution of violent Islamic extremism. An estimated 10,000 Islamic fighters from 43 countries have filtered through Afghanistan, developing a sense of common cause, allegiance to each other, and a trained cadre of combat hardened veterans. The Afghan experience has established networks for the movement of money, weapons, and personnel - which are now being used by various Muslim groups around the world.

Violent Islamic extremists, acting without guidance or support from states or established organizations, have established an impressive track record of terrorist attacks, including some against U.S. citizens and property. These terrorists believe that targeting the U.S. adds legitimacy to their movement; provides a broader level of publicity; and shows that the U.S. is vulnerable. Islamic extremists claim that the United States is a legitimate target because it supports reactionary, non-progressive regimes; the U.S. leads the anti-Islamic movement; and the U.S. has a pro-Israel bias in its foreign relations.

WATERSHED EVENTS. Domestically, the World Trade Center and Oklahoma City bombings were *watershed events* because they changed the way terrorists look at conducting attacks against the United States. The bombing of the World Trade Center in New York on February 26, 1993, brought the threat of international terrorism to the forefront of U.S. public attention. It broke the previously held belief that attacking U.S. citizens in their own country was too difficult. It sent out a message that the United States is vulnerable, that a great deal of damage can be done at little cost, and that such

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incidents will receive instantaneous worldwide media coverage. On April 19, 1995, the bombing of the Alfred P. Murrah Federal building in Oklahoma City killed 168 people and injured an additional 500 people. Not only was this event the most destructive terrorist incident ever to take place in the United States, but also it was an act of "homegrown" terrorism, perpetrated by a U.S. citizen with sympathies and ties to domestic militia and patriot groups. Both of bombing of the World Trade Center and the Murrah Federal building showed terrorists worldwide that it does not take a high degree of training or technical expertise to conduct lethal attacks with devastating results.

Overseas, a series of sarin gas attacks in the Tokyo subway system by the Aum Shinrikyo religious cult in March 1995 marked the first large scale use by a terrorist group of chemical agents as a weapon of mass destruction. The Tokyo attacks crossed a threshold for use of chemical/biological weapons against civilian targets, and may be attractive as a model for other groups intending mass casualties. In addition, the attack has awakened policy makers and security officials to the fact that we must begin planning now for the eventuality that chemical or biological agents could be used to attack large groups of people here in the United States.

TARGETING. The attack on the WTC also represented a change in targeting by international terrorists. The bombing makes it clear that symbols of U.S. capitalism, trade, and commerce can be considered viable terrorist targets, a point that was underscored by the planned bombings of the Lincoln and Holland tunnels, and the George Washington bridge in New York City. *Consequently, it is believed that the threat within the United States has increased,* as terrorists are beginning to recognize the value of attacks against targets not previously considered symbols of the United States.

Several kinds of targets are especially at risk:

- ξ National symbols such as the White House and the capital and symbols of U.S. capitalism such as Wall Street ·

- ξ Critical infrastructure, such as power grids, communications switches, water facilities, and transportation and transportation infrastructure - including, subway systems, trains, buses, commercial aviation, cruise lines, and petroleum pipelines.

- ξ Places where large numbers of people congregate, such as large office buildings, shopping centers, sports arenas, airports and other transportation terminals.

In recent years, transportation and the transportation infrastructure have increased in significance as a terrorist target, both internationally and domestically. There were 1,033 violent incidents against transportation worldwide in 1998. This was a twenty percent increase over the previous year and a one hundred and seventy five percent increase since

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1995.[1] Attacks on all types of land transportation accounted for 69 percent of these incidents in 1998.

TECHNOLOGY AND WEAPONS. Terrorism is well suited to the technology of our era, which provides unprecedented individual mobility, access to the international media, and an availability of weapons and explosives. In the last decade there has been a notable geographic spread of international terrorist activities. Since the breakup of the Soviet Union sophisticated arms and weapons systems are available to terrorists at competitive prices.

A wide variety of weapons, some having the potential to inflict massive damage and large numbers of casualties, is potentially available to terrorist groups to carry out attacks in the U.S. Small arms and improvised explosive devices (IEDs) have been the weapons of choice in the past, mainly because they are easy to acquire and use. They will probably remain the primary option in the near-term. Based on recent international terrorist history, the greatest potential terrorist threat is likely to stem from a bombing designed to cause mass casualties. The terrorist bombings in Beirut, Argentina, New York, Oklahoma City, and Saudi Arabia attest to the devastation that IED's can cause. Nevertheless, the terrorists' ability to use weapons systems that are more sophisticated is improving. A new generation of terrorists favors smaller and much less detectable plastic or liquid explosives detonated by miniaturized and benign-looking timers, yet still capable of wreaking substantial destruction. In addition to using materials that are increasingly hard to detect, bombers from different ideological causes appear to be sharing information and technology.

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The likelihood is increasing that terrorists will try to use weapons of mass destruction (chemical, biological, radiological, and nuclear) - such as we saw in the March 20, 1995 sarin gas attacks on the Tokyo subway system by the Aum Shinrikyo religious cult. Tokyo is attractive as a model for other groups, and we must begin planning now for that eventuality. Some terrorist groups have shown an interest in developing or purchasing a chemical or biological weapons capability. In addition, we have seen evidence that of a cadre of well educated, well trained terrorists with backgrounds in chemistry, physics, nuclear engineering, and microbiology are planning or participating in terrorist attacks. In press interviews in December 1998, Usama bin laden emphasized his interest in acquiring unconventional weapons, stating that it is the religious duty for Muslims to acquire such weapons and defend themselves. Nevertheless, the probability of a biological or chemical attack overall will remain low in the near-term because conventional weapons are inexpensive, easily available, more familiar, and can still be extremely destructive.

Terrorist groups today are becoming more adept at using technology and information systems to enhance operations. Increased scrutiny in the U.S. by law enforcement officials is causing many terrorists to become more security conscious. Terrorists are

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[1] Violent incidents include acts of international terrorism, indigenous or domestic terrorism, and criminal acts. Data was compiled by the US Department of Transportation's Office of Intelligence and Security.

increasingly using modern technology to plan and carry out operations and protect themselves from detection:

- ξ   Advanced means of communications
- ξ   Sophisticated computer networks
- ξ   Encryption technologies
- ξ   Public access to sensitive databases
- ξ   Electronic mail
- ξ   Electronic banking
- ξ   Technology for creating false documents and counterfeit money

Terrorists are utilizing cellular communications and the internet for cheap, secure, and nearly real-time information exchanges between individuals worldwide. The internet also contains an enormous amount of information useful for preoperational planning, such as biographic information, recipes for explosives, electronic banking, and high-quality commercial imagery. Many terrorist groups now have internet websites, which the use to spread propaganda, raise funds, attract supporters, or secretly pass information. We believe that while terrorists are not on the cutting edge of technology, they will integrate technological developments to improve methods of delivering or concealing existing weapons, avoid detection, and prepare for operations. As terrorists are increasingly utilizing technological means in reacting to increased security, it often complicates efforts by law enforcement and intelligence officials to identify, anticipate, and counteract their activities.

VULNERABILITY. As an open society and free democracy, the United States is particularly vulnerable to various types of terrorist attacks. Although vulnerability is but a single factor in the threat equation and should not be overemphasized, neither can it be ignored. As preferred targets have become better protected, terrorists have shown a willingness to divert to softer (easier) targets. Terrorists have the advantage of virtually an unlimited number of targets. It is impossible to protect everything, everywhere, all the time. Moreover, sophisticated terrorists refine both technology and techniques in response to continual improvement in security and detection. Such innovations as they have shown have been motivated by the need to solve a problem. That is, when blocked by some security measure, they alter their tactics slightly or shift their sights to other, more vulnerable targets.

Transportation vehicles and associated infrastructure are all potential targets. There are several reasons for this: the number of vehicles and structures makes them nearly impossible to defend; they are soft targets; the economic impact of destroying the infrastructure could be significant; and the media impact of an incident would be tremendous. All of these factors are important considerations for the terrorist. The sabotage of the Amtrak Sunset Limited in Arizona, bombings on the Paris subway, and terrorist gas attacks in the Tokyo subway system are recent examples of the vulnerability of transportation.

CONCLUSION. United States interests, citizens, and property, both at home and abroad, will continue to be the target of terrorism which is both international and domestic in scope, as perceived social and political conditions, often claimed as the basis for these groups' activities, have not changed to their satisfaction. A threshold has been crossed, and international terrorists and domestic groups now have little reservation about conducting attacks on U.S. soil. Counterterrorist experts are in agreement that the pressing question for the future is not whether there will be additional terrorist attacks in the U.S., but when and where. Our status as unrivaled superpower feeds the perceptions that the U.S. causes or aggravates problems associated with civil strife, ethnic unrest, separatist movements, economic deprivations, and regional conflicts such as Somalia and the former Yugoslavia. U.S. military actions in particular, are likely to inspire terrorism far removed from the military operation.

We believe that transportation and transportation infrastructures are an attractive target for attacks and threats of attack because they are vulnerable; the large number of vehicles and structures makes them nearly impossible to defend; they are soft targets; the economic impact of destroying the infrastructure could be significant; the media impact of an incident would be tremendous; large numbers of people can be affected by a single attack; the probability is high that the attacker will escape undetected; and attacks against transportation may be associated with clearly identifiable national symbols, such as civil aviation, in an effort to embarrass or influence the government associated with that particular national symbol.

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